

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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P R 191855Z NOV 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 8802

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

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S E C R E T SECTION 01 OF 03 BONN 16734

EXDIS

E.O. 11652: XGDS-1

TAGS: PFOR, US, EEC, GW

SUBJECT: U.S./EUROPEAN RELATIONS: FRG VIEWS FOLLOWING

NOV 14 COPENHAGEN MEETING

REF: (A) BRUSSELS 6386, (B) COPENHAGEN 2864,
(C) BONN 15387

BEGIN SUMMARY: EMBOFF HAD LENGTHY EXCHANGE OF VIEWS
NOV 16 ON U.S./EC DECLARATION WITH KEY FONOFF OFFICIAL,
WHO CONFIRMED ADAMANT FRENCH OPPOSITION TO CONCEPT OF
PRIOR CONSULTATIONS AND NINE'S WISH TO LIMIT TREATMENT
OF CONSULTATION SUBJECT TO PARA 9, WHICH THEN WOULD
APPLY TO THE ENTIRE DECLARATION. FONOFF REP BELIEVED
NINE WERE READY TO ACCEPT PRUDENT LANGUAGE ON EVOLVING
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U.S./EC RELATIONSHIP AND REGARDING NON-TRANSFER OF

ECONOMIC BURDENS. DESPITE FRENCH POSITION, FRG OFFICIAL EXPRESSED UNDERSTANDING FOR U.S. VIEWS ON LDC PARA 21, AGREED THAT LANGUAGE ON TRADE AND MONETARY PARAS SHOULD REFLECT CURRENT STATE OF PLAY IN GATT AND IMF CONTEXTS, SAID NINE MAY BE ABLE TO GO BEYOND "RESEARCH" IN S&T PARA, NOTED FRENCH HAVE ACCEPTED USE OF WORD "ENERGY" IN RESOURCES PARA 31 AND REFLECTED EC SENSITIVITY TO CONSULTATION ON STILL ABORNING COMMON INDUSTRIAL POLICY. EMBOFF EMPHASIZED IMPORTANCE OF NEW PARA 17A AND 22, PARTICULARLY THE WORDS "CONSULTATION WITH EACH OTHER," AS ADVANCED BY U.S. REPS, AND WELCOMED VAN WELL'S SUPPORT OF STRONG U.S./EC BILATERAL ECONOMIC COOPERATION. FONOFF REP EXPECTED DANES TO TRANSMIT FRESH, REVISED TEXT IN A MATTER OF DAYS. END SUMMARY

1. GENERAL. EMBOFF MET NOV 16 WITH KEY FONOFF OFFICIAL DEALING WITH U.S./EC RELATIONS AND DECLARATION. OFFICIAL'S OVERALL REACTION WAS SIMILAR TO THAT FOLLOWING OCT 18-19 MEETING OF THE TEN, NAMELY, THAT THERE HAD BEEN ANOTHER USEFUL MIND CLEARING PROCESS WHICH HIGHLIGHTED STILL DIVERGENT CONCEPTS OF THE U.S. AND EC. FONOFF REP SAID NOV 14 SESSION HAD BEEN AN OPEN ONE, AND HAD NOT REVERTED TO THE "9 AGAINST 1" FRAMEWORK. GERMANS AND OTHER EC PARTNERS GAINED IMPRESSION THAT U.S. WAS ATTEMPTING TO ADVANCE SAME BASIC CONCEPTS IN DIFFERENT WORDS, SUCH AS "INTER-DEPENDENCE/INTERTWINED" ALTERNATIVES. UNDULY REPETITIOUS REFERENCES TO CONSULTATION IN SEVERAL PARAS AND DESIRE TO PAD FORMULATIONS ON GATT AND IMF ALSO NOTED.. IN SHORT, A GOOD DEAL OF WORK LAY AHEAD IN RECONCILING U.S. AND EC APPROACHES TO DECLARATION.

2. PRIOR CONSULTATION/PARTNERSHIP. FONOFF REP SAID MAJOR CONCEPTUAL DISAGREEMENT IN ECONOMIC SECTION OF DECLARATION CENTERED ON U.S. DEMAND FOR PRIOR CONSULTATION. OUR SOURCE SAID PRIOR CONSULTATION CONCEPT IS WHOLLY UNACCEPTABLE TO PARIS, WHICH HAD "AN ABSOLUTE FIXATION" ON PERCEIVED U.S. WISH TO FORM "GROUP OF THE TEN" AS OPPOSED TO BILATERAL U.S./EC RELATIONS. IN SHORT, IN THE FRENCH VIEW, THE U.S./EC RELATIONSHIP

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SHOULD BE A GOOD ONE BUT IS NOT ONE OF "PARTNERSHIP"-- I.E., THE U.S. DOES NOT BELONG TO THE EUROPEAN COMMUNITY. FOR THIS REASON, OFFICIAL SAID FRENCH ARE ADAMANT IN DEMAND THAT THE HANDS LANGUAGE--"ON THE ONE HAND, ON THE OTHER HAND,"--BE RETAINED IN PARA 9.

3. CONSULTATIONS. OUR SOURCE SAID THE FRENCH (AND THE OTHER 8) RECOGNIZE THAT THE CONSULTATION QUESTION MUST

BE DEALT WITH SATISFACTORILY, BUT STRONGLY BELIEVE THAT

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TO SECSTATE WASHDC PRIORITY 8803

INFO AMEMBASSY BRUSSELS

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THIS SHOULD BE DONE IN PARA 9, WHICH THEN WOULD APPLY TO THE ENTIRE DECLARATION. OUR SOURCE EMPHASIZED THAT PARA 9 WAS A "SOLEMN QUASI LEGAL UNDERTAKING," AT THE BEGINNING OF A NEW RELATIONSHIP, TO "EXPLOIT TO THE FULL" IN ALL RPT ALL THE DIFFERENT FIELDS TREATED IN THE DECLARATION AND IN A FASHION APPROPRIATE TO THE STATE OF THEIR EVOLVING RELATIONS, THE OPPORTUNITIES OFFERED BY ALL RPT ALL THE EXISTING CHANNELS OF COMMUNICATION, COOPERATION AND CONSULTATION BETWEEN THEM. IN SHORT, FONOFF REP SAID PARA 9 UNDERTAKING APPLIED TO ENTIRE DECLARATION, INVOLVED USE OF ALL EXISTING CHANNEL. HE THOUGHT NINE COULD ACCEPT U.S. FORMULATION "EVOLVING RELATIONS," AND THAT THIS APPROACH

MADE SUPERFLUOUS FINAL U.S. FORMULATION REGARDING
ADAPTATION OF MEANS OF COOPERATION AND CONSULTATION.

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4. IN REPLYING, EMBOFF PLACED GREAT WEIGHT ON PARTICULAR
RELATIONSHIP BETWEEN U.S. AND EC, WHICH IS IN FACT THE
SUBJECT MATTER OF THE DECLARATION. EMBOFF URGED FRG
TO CONSIDER FAVORABLY NEW PARA 17.A
ADVANCED BY U.S. (REF B PARA 6.A) AND ARGUED FOR U.S.
PARA 22 FORMULATION "MAINTAIN AND STRENGTHEN CLOSE
COOPERATION AND CONSULTATION WITH EACH OTHER"; EMPHASIS
WAS LAID ON THE PHRASE "WITH EACH OTHER." IN THIS
CONNECTION, EMBOFF COMPARED "INTENSIFICATION" TYPE
LANGUAGE IN LDC PARA 21 WITH "MAINTENANCE" TYPE
LANGUAGE IN PARA 22, NOTING THAT PARA 22 MAIN ORIENTATION
SHOULD BE ON U.S./EC BILATERAL RELATIONSHIP RATHER
THAN TIES WITH OTHER INDUSTRIALIZED COUNTRIES. REFERRING
TO U.S. PARA 17.A FORMULATION, EMBOFF ASSURED FONOFF
REP THAT U.S. FAVORED DEVELOPMENT OF
COMMON EUROPEAN POSITIONS. HE ADDED THAT PRESENTLY
VOLUNTARY ECONOMIC CONSULTATIONS WERE INSUFFICIENT AND
THAT REFERENCE TO CONSULTATIONS IN PARA 9 ALSO
MUST FIND A HOME IN ECONOMIC PARAS AS WELL--PARTICULAR-
LY PARAS 17 AND 22.

5. FONOFF REP REPLIED THAT PARA 9 PROBABLY WOULD
CONSTITUTE THE BASIS OF EC APPROACH ON CONSULTATIONS
BUT THAT U.S. REPS SHOULD PRESS HARD FOR REFERENCE
TO CONSULTATION IN ECONOMIC PARAS IF THAT WAS ESSENTIAL.
HE ACKNOWLEDGED, IN THAT CONNECTION, FRENCH LOGIC HAD
PRODUCED REPEATED REFERENCE TO LDC'S IN DECLARATION
DEVOTED ESSENTIALLY TO U.S./EC RELATIONS. FRG REP
ALSO SAW LOGIC IN OUR EMPHASIS ON THE FORMULATION "WITH
EACH OTHER" IN PARA 22. BUT FONOFF REP SAID OVERALL
READING OF DOCUMENT, INCLUDING PARAS 2 (--"A NEW
DIMENSION IS THUS BEING ADDED") AND PARA 9, MADE CLEAR
DYNAMIC CHARACTER OF U.S./EC RELATIONSHIP AND CONSULTA-
TIONS. HOWEVER, FRG HOPED U.S. WOULD PULL BACK FROM
INSISTENCE ON "PRIOR CONSULTATION" AS FRANCE WOULD
NEVER ACCEPT SUCH A CONCEPT.

6. NON-TRANSFER OF ECONOMIC BURDENS. FONOFF REP
SAID EC PROPOSED PARA 22 SOUGHT TO MEET US INTERESTS IN
HAVING FORMULATION TO AVOID TRANSMITTING THE
ECONOMIC COSTS OF DOMESTIC POLICIES AND ADJUSTMENTS.

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IN REJOINDER, EMBOFF AGAIN PRESSED FOR ADDING THE WORDS
"OF EACH OTHER" AFTER THE PHRASE "DUE REGARD FOR THE
INTERESTS." FONOFF REP SAID HE WOULD
DISCUSS THIS AND OTHER REFERENCES TO "OF EACH OTHER"
FORMULATION WITH VAN WELL.

7. COOPERATION WITH DEVELOPING COUNTRIES. EXCHANGE
REFLECTED COPENHAGEN DISCUSSION ON SUBJECT (REF B -
PARA 6.B), WITH EMBOFF EXPLAINING POSSIBLE LEGISLATIVE
PROBLEMS INVOLVED FOR U.S., CONTRASTING "INTENSIFICATION"
FORMULATION WITH LANGUAGE ON U.S./EC RELATIONS PER SE,
AND URGING MORE GENERAL LANGUAGE ADVANCED BY U.S. REPS.
IN REPLY, FONOFF REP SAID THE FRENCH WOULD POSE A
PROBLEM ON THIS SCORE BUT FRG MIGHT BE ABLE TO DROP
"INTENSIFY" FORMULATION IF THE U.S. COULD ACCEPT
REFERENCE TO THE FIELD OF "AID."

8. GATT/IMF. ON GATT PARA 24, EMBOFF WELCOMED EC
ACCEPTANCE OF TERM "DISTORTION," BUT NOTED OUR PROBLEMS
WITH EC TERMINOLOGY ON AGRICULTURE, PARTICULARLY THE
CALL FOR "INTERNATIONAL ARRANGEMENTS" AND "SUITABLE
DISCIPLINE." ON MONETARY REFORM PARA 26, EMBOFF
ASSERTED THAT U.S. AND EC HAVE REACHED MORE AGREEMENT
IN OTHER FORA THAN REFLECTED IN EC TEXT, AND IN VIEW
OF NAIROBI DEBATE EMPHASIZED U.S. DESIRE TO AVOID
REFERENCE TO LDC'S. MAJOR POINT MADE TO FONOFF

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REP WAS THAT TRADE, MONETARY, AND OTHER PORTIONS OF ECONOMIC SECTION SHOULD BE BALANCED. FONOFF REP ACCEPTED LATTER PROPOSITION IN PRINCIPLE, BUT CONTENDED THAT U.S. TEXT OF GATT PARA REPRESENTED STEP BACKWARD FROM AGREEMENT ON AGRICULTURE AND THAT U.S. TEXT OF IMF PARA REPEATED TOO DEFINITELY VIEWS EXPRESSED UNILATERALLY BY U.S. FONOFF REP REPEATED EC RELUCTANCE TO PERMIT DECLARATION TO PREJUDICE OR ANTICIPATE TRADE OR MONETARY NEGOTIATIONS IN OTHER FORA.

9. INFLATION. LIKE HIJZEN, (REF B, PARA 6.H), FONOFF REP BELIEVED U.S. AND EC HAD REACHED CONSIDERABLE CONSENSUS ON INFLATION PARA 28.

10. OTHER ECONOMIC TOPICS. FONOFF REP WAS VERY CAUTIOUS ON NEW LANGUAGE PROPOSED BY U.S. CONCERNING
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INVESTMENT PARA 27, PARTICULARLY PHRASE "COOPERATE ACTIVELY" AND FINAL REFERENCE TO "FAIR TREATMENT AND OPENNESS...(FOR)FOREIGN INVESTORS...". ON SCIENCE AND TECHNOLOGY PARA 30 FONOFF REP SAID NINE MAY BE ABLE TO GO BEYOND REFERENCE TO "RESEARCH." FONOFF REP SAID NINE, AND PARTICULARLY THE FRENCH, WERE CHARY ABOUT OPENING STILL ABORNING EC COMMON INDUSTRIAL POLICY TO CONSULTATIONS WITH U.S. ADVANCED TECHNOLOGY COMPETITORS. EMBOFF NOTED EC CONCERN, BUT SAID U.S. ALSO HAD INTERESTS IN AVOIDING DISCRIMINATION. ON RESOURCE PARA 31, FONOFF REP NOTED THAT FRANCE'S 8 PARTNERS HAD WHEELED THE WORD "ENERGY" OUT OF PARIS. EMBOFF WELCOMED EC REFERENCE TO "ENERGY RESOURCES" BUT REITERATED U.S. WISH TO HIGH LIGHT TOPIC IN FIRST SENTENCE. FONOFF REP ACKNOWLEDGED U.S. PROBLEMS WITH EC PHRASE ABOUT "ORDERLY FUNCTIONING" OF WORLD MARKETS, WHICH IMPLIED POSSIBLE COMMODITY AGREEMENTS.

11. COMMENT. NOV 14 COPENHAGEN DISCUSSION AND INTERCHANGE REPORTED ABOVE SUGGEST THAT CONSULTATION ISSUE, AND PARTICULARLY "PRIOR CONSULTATION" CONCEPT, HAVE TAKEN ON ROLE OF THEOLOGICAL OBSTACLE FOR FRANCE IN ECONOMIC SECTION COMPARABLE TO CONCEPT OF PARTNERSHIP IN POLITICAL SECTION OF DECLARATION. WE UNDERSTAND THAT, AT NOV 12-13 POLITICAL COMMITTEE DISCUSSIONS, VAN WELL ARGUED STRONGLY FOR USING DECLARATION TO ASSURE TO THE EXTENT POSSIBLE BETTER U.S. CONSULTATIONS WITH EUROPEAN PARTNERS IN THE FUTURE. VAN WELL REFERRED EXPLICITLY IN THIS CONNECTION TO FRENCH GRIEVANCES OVER MIDEAST CONSULTATION. WE ARE TOLD THAT PUAUX REPLIED BY SAYING MIDEAST CRISIS PROVED THAT U.S. PROMISE OF CONSULTATION NOT FULFILLED WHEN REALLY NEEDED, THAT PARA 9 REPRESENTED THE MAXIMUM OF FRENCH GIVE ON THE TOPIC AND THAT, IN ANY CASE, PRIOR CONSULTATION CONCEPT WOULD VIOLATE EC IDENTITY AND WOULD BLOCK DEVELOPMENT OF EUROPEAN UNION.
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